

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-01 INR-07

NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-02 PRS-01 /096 W

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FM AMEMBASSY SOFIA

TO SECSTATE WASHDC 3190

INFO AMEMBASSY MOSCOW

AMEMBASSY WARSAW

AMEMBASSY BERLIN

AMEMBASSY PRAGUE

AMEMBASSY BUDAPEST

AMEMBASSY BUCHAREST

AMEMBASSY BRUSSELS

USMISSION NATO

AMCONSUL MUNICH

USDOC WASHDC

UNCLAS SOFIA 1446

USEEC

E.O. 11652: N/A

TAGS: ECON, BU

SUBJECT: PRICES INCREASE IN TRANSPORTATION SECTOR

1. ON JULY 1, THE BULGARIAN GOVERNMENT QUIETLY RAISED PRICES ACROSS THE BOARD IN THE TRANSPORTATION SECTOR OF THE ECONOMY. EMBASSY DOES NOT HAVE FULL SCHEDULE OF INCREASES, WHICH DOES NOT APPEAR TO HAVE BEEN PUBLISHED. HOWEVER, REPRESENTATIVE SAMPLE OF NEW PRICES INDICATES AIR FARES UP APPROXIMATELY 65 PERCENT, RAIL FARES UP 20 PERCENT, SEA AND RIVER FARES UP 40 PERCENT, TAXIS UP 66 PERCENT, WITH SMALLER RAISES FOR BUS TRANSPORTATION. TRAM FARES
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IN SOFIA INCREASED 50 PERCENT FROM .04 LEV TO .06 LEV PER TICKET (ABOUT 4 CENTS TO 6 CENTS, STILL A BARGAIN). (ONE LEV EQUALS \$1.05.)

2. PERHAPS IN EFFORT TO HEAD OFF FEARS OF INCREASES FOR CONSUMER GOODS, ON JUNE 26 GEORGI KARAMANEV, MINISTER OF INTERNAL TRADE AND PUBLIC SERVICES GAVE RARE TELEVISION

INTERVIEW (PRINTED ALSO IN RABOTNICHESKO DELO) TO EXPLAIN SOME OF THE PROBLEMS FACING HIS MINISTRY. DURING INTERVIEW, HE SCOTCHED RUMORS THAT SUGAR AND VEGETABLE OIL PRICES WOULD INCREASE BY SAYING "THE PRICES NOT ONLY OF SUGAR AND VEGETABLE OIL, BUT OF ALL STAPLE GOODS IN OUR COUNTRY ARE STABLE."

3. DURING INTERVIEW, KARAMANEV SPREAD THE BLAME AROUND FOR SHORTAGES OF FOOD AND NONFOOD ITEMS. EARLY SPRING FROSTS WERE LABELED CAUSE OF FRUIT SHORTAGES; CRISES IN THE CAPITALIST ECONOMY AND "GALLOPING INFLATION" IN WEST CAUSED DIFFICULTIES WITH INDIVIDUAL COMMODITIES. (COFFEE, WHICH HAS VIRTUALLY DISAPPEARED FROM THE MARKETPLACE, WAS SINGLED OUT. PRICES FOR INSTANT COFFEE ALLEGEDLY ROSE FROM \$5,000 PER TON TO \$17,000 PER TON. BULGARIA SIMPLY DOES NOT HAVE THE FOREIGN EXCHANGE, HE EXPLAINED. BUT, PERHAPS TO PERK UP COFFEE LOVERS, KARAMANEV SAID THAT A SHIP WITH 375 TONS OF COFFEE WAS HEADED FOR BULGARIA TO MEET "TO A GREAT EXTENT THE BASIC NEEDS OF OUR MARKETS.") (COMMENT: 375 TONS WORKS OUT TO LESS THAN 3 OZ. PER PERSON. END COMMENT.)

4. KARAMANEV ALSO LEVELLED SOME BLAME ON STATE ECONOMIC ORGANIZATIONS AND ENTERPRISES FOR NOT MEETING THEIR COMMODITY OBLIGATIONS. FOR EXAMPLE, THE MINISTRY OF LIGHT INDUSTRY WAS ACCUSED OF FALLING SOME 33 MILLION LEVA BEHIND PLAN FOR THE FIRST FIVE MONTHS OF 1977. THE SUPPLY OF MEAT AND MEAT

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PRODUCTS "WAS INTERRUPTED" IN SOME PARTS OF THE COUNTRY BECAUSE SOME OKRUG PEOPLE'S COUNCILS AND AGRO-INDUSTRIAL COMPLEXES DID NOT FULFILL PRODUCTION AND PURCHASING PLANS. HOWEVER, KARAMANEV WENT OUT OF HIS WAY TO ASSURE VIEWERS THAT SUCH DIFFICULTIES CANNOT LASTINGLY INFLUENCE THE HOME MARKET. "THE CC OF THE BCP AND GOVERNMENT WATCH CLOSELY AND TAKE ACTIVE MEASURES FOR THE INCESSANT IMPROVEMENT IN THE SUPPLY TO THE POPULATION AND FOR STABILIZATION OF OUR INTERNAL MARKET."

5. COMMENT: AT THIS POINT, POPULATION SEEMS TO HAVE ACCEPTED PRICE RISES IN TYPICALLY STOIC FASHION.

6. TRANSPORTATION PRICE RISES PROBABLY WERE LONG OVERDUE ON ECONOMIC GROUNDS. FOR EXAMPLE, AN AIRPLANE TICKET FROM SOFIA TO THE BLACK SEA PREVIOUSLY WAS ABOUT 12 LEVA (APPROX \$12) AND IS NOW 20 LEVA (ONE WAY). NEVERTHELESS, THE ALMOST TOTAL OFFICIAL SILENCE ON THE PRICE INCREASES INDICATES THE GOVERNMENT'S SENSITIVITY TO THE ISSUE.

7. THE EXTENT TO WHICH THE INCREASE WERE CAUSED BY HIGHER PRICES FOR SOVIET OIL IS NOT KNOWN. SO FAR, GASOWYE IS

READILY AVAILABLE AND THE PRICE HAS NOT CHANGED (CURRENTLY
.26 LEV PER LITRE FOR REGULAR). MORE LIKELY, THE INCREASES
RESULT FROM A DESIRE TO REDUCE THE LEVEL OF GOVERNMENT
SUBSIDY TO THE TRANSPORTATION SECTOR, AND TO BRING PRICES MORE
IN LINE WITH THE COST OF SERVICES. END COMMENT.
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